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As is normal the first quarter of the year was spent discussing the economic results of the year just past. It is as yet too early to predict how the present year will compare with the previous one. One indication of the year is in the final results of export crops, most of which are exported in the year following their planting.

In Nigeria the principal event of the first quarter is the annual budget meeting of the Legislative Council. The meeting is highlighted by the budget speech of the Financial Secretary which in addition to justifying the estimates for the coming year presents a survey of the fiscal and economic situation during the previous year.

The continued high world produce prices assured the continued prosperity of Nigeria during the first three months of 1951. There are, however, increasing signs of inflation as indicated by a 50% rise in prices of native foodstuffs during the last year. Similar price increases have been noted in the case of cotton textiles, another important item in the Nigerian cost of living. Of even greater concern is the increasing difficulty in replacing stocks of imported materials which are exhausted. Given the increasing purchasing power of the population shortages of supplies will certainly accentuate inflation.

The 1951-1952 Nigerian Budget

The 1951 budget session of the Nigerian Legislative Council convened on March 1st and Mr. E. HIMSWORTH, the Financial Secretary, presented his budget address the following day. His estimates (with the exception of the railways) totalled £33,324,180, an increase of £1,417,680 over the revised estimates for the previous year. £2,750,000 was earmarked for investment in the Revenue Equalization Fund which will bring the total of the fund to £9,000,000 by the end of the next financial year.

The 1950-1951 year is expected to end with a surplus in excess of £300,000 after provision is made for increases in disbursements for the 1949-1950 financial year.

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To cover increased costs the Financial Secretary proposed increases in export duties on a long list of products which he felt that owing to high world prices could afford to increase their contribution to the economy of the country. The only increase of any importance proposed in import duties was on unmanufactured tobacco. The budget and tax increases were enacted without alteration.

A revision of the Ten Year Development Plan which was initiated in 1946 was presented to the Council. It has become obvious that owing to increases in costs the full program could not be carried out with the funds previously allotted for the purpose. The revised plan calls for total expenditure of £34,183,591 of which £16,212,906 will be contributed by the United Kingdom under Colonial Development and Welfare grants. £10,000,000 will be financed by borrowing and the remainder will be financed from ordinary revenue.

The Financial Secretary estimated that there would be a decrease in collections from import duties during the coming financial year owing to an expected fall in imports from anticipated supply shortages.

The budget address revealed that Nigeria was in a very healthy economic and fiscal condition.

Commodity and Supply Situation

High prices and shortages prevalent on world markets began to affect Nigeria during the first three months of 1951. Old stocks on hand have been exhausted and new supplies at greatly increased prices are just coming on the market. Supplies of imported textiles and the few other essentials used by the Nigerian are adequate although there is an increasing shortage of items (hardware, refrigerators, etc.) for European consumption.

Supplies of food are adequate although expensive. There is some concern expressed, however, as to whether the carryover will be sufficient in view of last year's dry growing season in the North. Strikes of longshoremen in English ports delayed considerably the receipt of many goods on order and given the tight shipping situation will undoubtedly have serious effect on the supply situation.

There are indications that if it becomes necessary to institute rationing again petroleum products will be the first to be effected.

SHIPPING AND TRANSPORT

Shipping

The shortage of shipping space is becoming serious, particularly

for space from Nigeria. The various shipping companies are becoming selective in acceptance of cargo. Ore and logs are so unattractive when compared with cocoa and other produce that exporters are finding it almost impossible to find space for shipments. In view of the fact that the United Africa Company and John Holt, Ltd. have their own shipping lines they are not nearly so badly affected by the shortage as the smaller firms. Further, owing to their predominent position in the West African market they are in a very favorable position when dealing with other shipping firms.

The Farrell Lines have returned the African Pilgrim to the West African service after service in Korean waters. Shipping space out of the United States to West Africa is plentiful owing to restrictions on American imports. It is unfortunate that it is not possible to make economic use of this space. If space becomes increasingly difficult to obtain from European ports it might be feasible to study some method of increasing shipments from the United States.

All shipping space from Nigeria to the United States is heavily booked and firms operating the service are passing through very prosperous times. It would be possible to increase the number of ships calling by using those on the run more efficiently if some way could be found to cut the unnecessarily long waiting period in the ports. The reporting officer does not feel that adequate steps have been taken by harbor officials to speed up the loading and unloading of cargo. I feel that some means should be found to operate longer shifts and provide for work on Sundays and holidays. Work seems to be progressing slowly on the five new berths across from Lagos at Apapa although it will be several years before they are ready for use. In the meantime it is hoped that steps can be taken to improve the efficiency of present methods and the use of present facilities.

Shipping rates in the West African Conference were increased by 20 per cent effective April 1, 1951. This increase is in addition to increases effected last fall. Similar increases were effected during the quarter by the American West African Conference.

Railways

The Nigerian Railways during the first quarter of 1951 have had considerable difficulty in keeping the American and Canadian locomotives in operation and the larger number of them was in the workshops during the period. This resulted in considerable difficulty in keeping up with deliveries of peanuts in Kano. However, owing to the small peanut crop of the past season the shortage of locomotives is not expected to have serious repercussions. The small peanut crop will no doubt result in a considerable reduction in revenue for the railways this year. In addition to the operational difficulties the railways have been troubled by labor

disputes on the part of most of its employee unions arising from demands for higher wages and changes in personnel policy. The Railway Station Staff Union has given notice that it will strike in the middle of April unless its demands are satisfied. It is not likely that the railways will be able to grant considerable wage increases without another increase in its tariff in view of the decreasing productivity of the labor force.

Aviation

The Handley-Page Aircraft Company has lent West African Airways one "Marathon" aircraft for a three-month trial on its West African runs. The rapid increase in air traffic, particularly within Nigeria, has made it apparent that the present De Haviland "Doves" are inadequate for most services owing to the limited number of passengers it can carry. The West African Airways are operating to capacity on all its lines and reservations must be made at least three or four weeks in advance for space. The second class service has been expanded by the institution of the "Hausa Flyer" twice a week from Accra to Kano via Lagos. Bristol Wayfarer planes are used on this line.

There is an increasingly serious shortage of space on international lines run out of Nigeria, particularly to European cities. All space is normally reserved for at least a month ahead and the situation can be expected to deteriorate during the heavy demands of the Summer months. The "Hermes" type planes introduced by the British Overseas Airways Corporation last year have been operated successfully with very few hitches.

There have been no new construction of fields or expansion of facilities during the period reported on.

COMMUNICATIONS

Two new extensions of the trunk telephone system have been completed during the period under review, the projects having been financed by the Colonial Development and Welfare Grants. The line between Kaduna and Lagos and Kaduna and Enugu has been opened for use as has a line between Kaduna and Sokoto. These trunk lines will no doubt facilitate communications between Northern Nigeria and coastal communities.

Effective May 1, 1951, the Cable and Wireless Limited have announced that radio telephone service will be instituted between West Africa and the United States, Canada, Spain, Italy and Gibraltar. The cost of calls will be £3-15-0 for the first three minutes and £1-5-0 for each additional minute.

The Posts and Telegraphs Department has announced plans for replacing the present telegraph wire lines by very high frequency radio service. This replacement is expected to be carried out over a period of years and the first section to be effected will be between Lagos and Ibadan, the completion of which is expected in 1951.

AGRICULTURE

Results of the 1950-1951 crop seasons for cocoa, cotton, peanuts, and sesame are now in although purchasing is not yet completed. Crop results for the peanut and sesame season were very poor while the cocoa crop is expected to be somewhat above average.

Peanuts

The 1950-1951 peanut purchasing season is now almost completed and only 128,000 long tons of shelled peanuts have been purchased in the Kano area while 10,000 tons have been purchased in the so-called Rivers area. This is a decrease from the normal total peanut crop of about 300,000 tons of shelled nuts over the past ten years and smaller than the poor crop of 1949-1950. The major cause for the reduction in the crop is believed to have been the extreme dry weather during the period of planting and the period immediately subsequent thereto. In addition about 15,000 tons are believed to have been exported across the northern border into French Niger where the buying price was about £10-0-0 per ton higher than that of the Nigerian Groundnut Marketing Board. In order to encourage the planting and delivery of the next crop the Groundnut Marketing Board has announced the increase of its peanut purchasing price for the 1951-1952 crop from £21-4-0 to £33-0-0. This price is purely provisional although the Board gives assurances that it will be the minimum purchasing price not excluding the possibility that the price will be increased before the purchasing season begins.

Sesame

Production of sesame seed for the 1950-1951 crop was about 10,000 long tons (shelled) compared with a normal crop of 14,000 tons. The Oilseeds Marketing Board at the same time as it increased peanut price increased the purchasing price for sesame from £20-0-0 a long ton to £32-0-0 a long ton.

Palm Products

The purchasing season for palm products is based on the calendar year. Purchases for 1950 of palm kernels were 380,929 tons while 160,363 tons of palm oil were purchased (an additional 10,000

tons of palm oil was produced on plantations owned by commercial firms). There were at the end of 1950 thirteen pioneer oil mills in production and six under construction. The very small part played by these mills in total production is evident from an estimate that no more than 3,5000 tons out of total purchases were derived from them.

Among several projects proposed by the Eastern Production Development Board was the investment of £300,000 in a 10-acre palm plantation. This will be the first time that Government has interested itself (outside of the British Cameroons) in the development of plantation agriculture.

Cotton

The 1950-1951 purchases of cotton for export are expected to reach 75,000 bales of 400 lbs. each compared with 56,000 bales in the previous year. The Cotton Marketing Board has recently announced its provisional prices for the coming season which are:

	per lb.
Grade I	6d
Grade II (North)	5.8d
Grade III (North)	5.4d
Grade I (Western)	6d
Grade II (Western)	5-3/4d
Grade III (Western)	5½d
Benue Ungraded	5.5d

These prices represent 50 per cent increase which should encourage a further increase in cotton production during the coming year. It is understood that construction of a cotton spinning mill at Onitsha by the Cotton Marketing Board, the Colonial Development Corporation and the Cocoa Marketing Board is now under way although it is not known how much progress has been made.

Other Crops

The mechanization program in and around Sokoto for the cultivation of rice expects to plow about 25,000 acres in 1951. The price of locally produced rice has reached about £40-0-0 to £45-0-0 a long ton and to alleviate food price increases the Government has abandoned its policy of forbidding the importation of rice, has removed the import duty on that product and is encouraging the importation of rice from abroad.

The production of spices has received very little encouragement from Government although the demands for ginger and capsicums on the world market have increased.

The production of rubber (largely in the wild state) has

increased considerably although it still remain a comparatively unimportant crop. Increased production is being largely derived from the tapping of old trees and no new planting has taken place.

MINING

The results of mining operations during the first three months of 1951 are not yet available. In view of the greatly improved labor conditions in the coal mines at Enugu, it is believed that results will reveal considerable improvement over the first quarter of 1950. Exports of Nigerian coal have been made to the United Kingdom, Denmark, Italy and several other countries owing to the British coal crisis during the winter. The sale price f.o.b. Port Harcourt was 47/- a ton as quoted by the Nigerian Coal Corporation. It is believed, however, that the production of tin concentrates has fallen below the first quarter of 1950 owing to the fact that exploiting firms are working on lower grade ores, thus taking advantage of high world prices to reserve higher grade ores for less profitable periods. The Amalgamated Tin Mines of Nigeria are importing two excavators from the United States which they believe will increase by 20 to 30 per cent the present volume of ore which can be extracted. The first of these excavators is expected to reach Nigeria late in the Summer. Unless the total amount of ore removed can be increased considerably, a decrease in Nigerian tin production can be expected over the next several years.

Representatives of the American Smelting and Refining Company visited Nigeria in February to discuss the signing of a lease with the Nigerian Government for lead-zinc deposits which the firm is exploring in Ogoja Province. It is expected that the lease will be presented to the Legislative Council for approval sometime this year.

LABOR

The first quarter of the year has been one of quiet on the labor scene. There have been no strikes of any importance and as a result of the unsuccessful strikes of December the labor movement has been in a state of disorganization. This situation has resulted largely from disagreements and dissension within the framework of the movement, for the most part between the Communist followers of Nduka EZE and more moderate elements in the movement.

During March a conference of West African trade union leaders under the auspices of the International Confederation of Free Trade Unions was held in Duala, French Cameroons. The conference was attended by three Nigerian leaders in their unofficial capacity since the Nigerian Labor Congress, the only central labor organization in Nigeria, is already affiliated with the World Federation of Trade

Unions. The conference no doubt had a moderating influence on the labor movement but no signs can be seen of a more healthful organization.

However, in view of the ever increasing prices resulting in an increased cost of living, it is believed that there must be in the not too distant future agitation for wage increases. At such times the working classes, particularly in Lagos, always find it worthwhile to support various union leaders in their efforts to obtain the increases desired. At other times the rank and file of union membership fails to support the trade union either morally or financially.

Official returns for the year 1950 show a considerable decrease in the number of days lost by strikes from 400,000 days in 1949 to 200,000 days in 1950.

Edwin D. Crowley
American Vice Consul

Sources:

Publications
Nigerian Officials

Copy to Office of the Administration's Special Representative, Economic Cooperation Administration, % American Embassy, Paris.

Copy to Embassy London